

OUR STRANGE FOREIGN POLICY

By Frank Chodorov

FIRST CAME Lend-Lease. Then, UNRRA. Before that ran its course, the Marshall Plan was sprung upon us and we had ECA. That did not accomplish what it was supposed to accomplish, so the letters on the office door were changed to MSA. For lagniappe we were given the Truman Doctrine, Point IV, the Export-Import Bank, the International Monetary Fund, to say nothing of the Korean "police action" and NATO.

The sum-total of the foreign policy Americans have had to suffer these past fifteen years is — Spending. It was, and still is, spending for the sake of spending. Not one of the projects for which our pockets were picked achieved the ostensible purpose.

Lend-Lease, we were first told, would keep us out of war; it didn't. It was then justified as a means of ridding the world of international gangsterism; as compared with Stalin, Hitler was a nursery bogeyman. UNRRA did not relieve the starving Europeans. Most of Europe, particularly England, the principal beneficiary, is still on some sort of "austerity" standard, despite the ECA billions.

Does anyone, including its proponents, really believe that Point IV will make mechanics of the Liberian slaves, or plant Pittsburghs in Paraguay? As for NATO, the evidence keeps pouring in that it is still a blueprint fantasy, that the Europeans have little stomach for it and that as a means of containing the Muscovite hordes, should they decide to move westward, it is hopeless; but it costs money.

Thus, whatever facet of our foreign policy we look to, we find nothing but a bottomless pit into which Americans are compelled to pour the products of their labor. Each item in the policy came upon the scene clothed in moral, economic and political platitudes, but in the end these turned out to be nothing but rationalizations of the real purpose, which was to spend money. To further facilitate the acceptance of the schemes, the stultifying doctrine of "bipartisanship" was invoked.

THERE IS something to be said for this strange foreign policy on the score of novelty. Since the beginning of nations, it has always been the purpose of any government, in its dealings with other governments, to protect or further the interests of its own nationals. The primary function of a diplomat was to "sell" his own country to the

one he was assigned to; he was a business agent representing the home economy. Even wars were engaged in with the expectation that the winning side, or some segment of its population, would profit.

This new American foreign policy, on the other hand, is beset with the idea that the impoverishment of the American people is a national gain. It is the business of diplomats to give away, not get, and a foreign nation is looked upon as a grand opportunity to rid ourselves of our "surplus" wealth. The blessing of war is the chance to rehabilitate the conquered.

If this policy seems incongruous, it is so only because we neglect to trace it to its basic premise. It is only confounding confusion if we try to judge ECA by its results; it is bewildering if we attempt to compare the Import-Export Bank with the procedures of common sense banking. Despite the contradictions in the foreign policy of Mr. Roosevelt, despite the reversals of Mr. Acheson, the fact is that these contortions fit in with an underlying constant; namely, the theory that a nation is enriched by spending, not by production.

We can make sense of our foreign policy only when we relate it to the economic theory of the late Lord Keynes. This does not mean that Mr. Truman bones up on Keynes before he throws a "foreign aid" program at Congress. Nor did General Eisenhower endorse NATO, rather than some less expensive or more effective defense measure, simply because NATO presented a larger opportunity to spend. The practical politico does not have to understand the economic theories that serve his purpose. But, if the Keynesian formula did not receive common acceptance, if it had not perverted the American mind, no politician would think of proposing the international WPA projects which make up our foreign policy.

To illustrate: In Theodore Roosevelt's time it was sound foreign policy to recognize (or perhaps instigate) a Panamanian revolution in order to expedite the execution of the canal project. It was the cheapest, quickest and most direct way of carrying out a program that was deemed in the national interest. Franklin Roosevelt, having the advantage of the Keynesian climate, would have invoked the "good neighbor" policy and dumped billions into the pockets of the Colombian politicians with the expectation that they would permit us to build the canal and then charge us for the use of it. The donation of fifty destroyers to England for the privilege of paying rent for bases from which we could defend the British Empire is a case in point.

OBVIOUSLY, our Keynesian foreign policy is but an extension of our Keynesian domestic policy. It is a logical consequence of the kind of economic thinking we

came by in the frantic days of 1933. The depression was upon us, and the facile formula of buying our way out was grabbed at. (Keynes, by the way, did not invent it; he simply put into calculus what Joseph dug up out of Pharaoh's dream a long time ago.)

Yes, everybody in 1933 was in favor of spending ourselves into heaven. The politician took to the scheme with avidity because it promised him a larger "pork barrel" with which to bribe his way into more power. The businessman was hungry for orders and he saw in it an avalanche of them, all underwritten by the taxpayer. The unemployed was too scared and too hungry to ask whether the make-work projects might entail a loss of freedom. Congress signed a blank check.

By 1937, however, it was obvious that the "shot in the arm" was wearing off. The spending had not got us out of the depression. But, by that time the economic marijuana habit was too strong to shake off; the country needed more and stronger stuff. The politician was not averse to supplying it, seeing how his business had prospered by this handout line. The difficulty was in finding something on which to spend; there is a point of diminishing returns even in that business.

Fortunately, for the theory, a demented paper-hanger was kicking up a fuss in Europe, and the idea of using that occasion for a venture in foreign spending suggested itself. It is an over-simplification to say that our involvement in the European imbroglio was caused by our internal economic difficulties; but, that our enchantment with the idea of spending ourselves rich made getting into it easier is supported by documentary evidence. Hitler, with an assist from Keynes, shaped our foreign policy from 1939 to 1945.

Now it is Stalin. It is the Kremlin, not the State Department, that calls the turns. But, even if the Communists did not provide us with opportunities for spending, would we be lacking? It should be kept in mind that before NATO, before Korea, the idea of squandering our labor products and our capital was blossoming into potent schemes. Neither UNRRA nor Point IV can be ascribed to the wicked Russians, and when the Marshall Plan was devised the Communists were included in its list of beneficiaries. Nor should we forget the "good neighbor" plan of bleeding our economy; it had nothing to do with Stalin.

But, war and the preparation for war are the make-work projects *par excellence*. They commend themselves to Keynesians because under cover of "defense", spending can be done in many directions, even in directions that have nothing to do with national security. Thus, the current tension makes possible the advocacy of Universal Military Training, which prominent military men assert is of negligible value in the building up

of an army, but which shows promise of being a permanent and constantly widening avenue of spending. Again, because it costs at least \$10,000 a year to keep a foot soldier, NATO, to which we are already committed to contribute upwards of 100,000 men, is preferable to some less costly and militarily sounder program, such as the one advocated by Herbert Hoover.

TO REPEAT, our foreign policy is but an extension of our domestic policy, economically speaking. And bipartisanship, which is an agreement among Congressmen to deny any voice in government to the dissident element of the population, has been the rule in both fields. On the score of spending, as a policy of government, there has been practically no opposition to the Roosevelt and Truman regimes. "Me-tooism" is bipartisanship. Those of us who hold that public housing and "foreign aid" are equally undesirable, because they both strengthen government and weaken the economy, have long been without representation.

Suppose the Republicans prevail in the coming election. What foreign (or domestic) policy will they pursue? Can they abandon Keynesianism? Will the labor leaders and the banks and the industrialists permit the Administration to deprive them of this narcotic? A habit of twenty years is hard to drop.

An even more potent force for the continuation of the policy of opulence-through-waste is the indoctrination of our youth in the colleges. Hardly a graduate under the age of forty learned anything else in his economics courses. Almost unanimously, the "adopted" textbooks preach the gospel of work for the sake of work, of spending for the sake of spending, of taxation for the sake of taxation. The idea that prosperity is the result of production, thrift and investment is as extinct as the dinosaur.

Well then, when the incoming administration starts remanning its bureaus, will it not be compelled to hire these Keynesians? (Socialists is the more exact term.) As far as mental equipment is concerned, the new Republican bureaucrats would be like the ousted Democrats.

It would seem then that there is no hope of a return to a sane economy — or a sane foreign policy based on a sane economy — until the long-run effects of spending ourselves into prosperity are felt; that is, until production stops and poverty is rampant. But, while the evidence seems all in favor of that eventuality, it is not inevitable. Just as Roosevelt brought us to our present way of thinking and living, so an equally determined and more knowledgeable man can reverse the process. History does not make men; men make history.

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Free Admirals and Generals: Three retired admirals and three retired generals, all of high rank, have come out in support of former President Herbert Hoover's famous "sea-air" military strategy for solving our world defense.

On Capitol Hill, where the announcement came as a sensation, it was remarked: "If this is what the retired high brass say, it's a cinch that a lot more of them on active duty in the Pentagon would agree — if they dared."

Mr. Hoover has released for publication letters from these military men which leave no doubt of the complete identity between the military thinking of Hoover and these experts.

The three retired generals are: General Leslie R. Groves, former head of the atomic energy project; General A. C. Wedemeyer, formerly in charge of Army planning; and General Harold L. George, former Air Force man. It is significant that Wedemeyer and Groves are both Army men, "ground force" officers. The navy men are: Admirals William V. Pratt and William H. Standley, both of whom formerly held the top post of Chief of Naval Operations, and Admiral Harry E. Yarnall.

The statements of these men are, without reserve or qualification, in support of Mr. Hoover's thesis, as presented in his speech of January 27. Their words, and the reputations backing the words, should go far to impress those in the press and public life who have washed their hands of the Hoover controversy, saying "let's leave it to those in command of the services".

As the whole MacArthur dismissal episode has shown, decisions cannot be left to officers under constant threat of dismissal by the political Executive of the Government. The "free" generals and admirals have spoken publicly. It's now up to the representatives of the people to speak and act.

The Hoosier Story: In the state of Indiana, we have discovered, there is under way a bitter struggle in which candidates for local offices are beginning to divide along Taft and Eisenhower lines.

A significant example of this was shown last weekend. Indiana politicians were talking about the fact that the very first candidate to announce for the GOP gubernatorial nomination is a Taft supporter. His name is Samuel R. Harrell and he has long supported the political fortunes of the Senator from Ohio. This affiliation is far from a liability, for at least 80 per cent of the delegates to the GOP state convention are for Taft. The governorship contest is important this year. The present Governor is a Democrat and Republicans believe they can elect one of their own.

Our correspondents in Indiana picture this first candidate, Mr. Harrell, a grain man from a rural area, as a sturdy follower of the ideas of Taft in both foreign and domestic policies. He has long advocated economy, lower taxes and constitutional government. We do not know what his chances are, for it is reported that at least a half dozen rival candidates will soon announce.

But one thing is noticeable. Those who have been for Eisenhower in the past are trying to minimize that aspect of their political format.

For instance, a former American Legion National Commander, Mr. George C. Craig of Indianapolis, will announce for the Governor's race. (His manager is Elmer W. "Little Doc" Sherwood, aide of Governor Dewey in the 1948 campaign and presently front man for the Eisenhower movement in Indiana.) Craig is a highly respected citizen with a national reputation. But some time ago, he declared publicly for Eisenhower. Now, his friends are trying to remove the label and picture him

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as unaffiliated and "middle-of-the-road". All in all, the Eisenhower movement in Indiana appears to us as rather synthetic.

Chicago: On a quick trip to the Midwest in the past few days, we talked to a prominent Chicago industrialist. Within recent months, he told us, a number of gentlemen had called on him in his office. They represented New York banks and they explained their visits as being simply prompted to ask if they could serve him in any way, and to chat about business conditions. But, our friend noted, each one managed to steer the conversation to politics and to mention General Eisenhower favorably as a potential candidate for President.

That was all. For our friend held different political ideas and he did not encourage further political talk. Nor was he interested in borrowing. If he were, Chicago institutions could well handle his needs.

We could not help ruminating over this account. If our friend had been less secure financially, if he did not possess strong political scruples . . . We recalled, from vivid personal recollection, how this sort of New York influence — just a word here, a word there — worked in 1916-17 and again in 1940-41, etc.

Out in the Illinois metropolis, there exists a fierce local pride and strong suspicion of New York. It is a political factor of big moment not only in Chicago but in the surrounding area. When Eisenhower supporters staged a rally in Madison Square Garden last weekend, the proceedings were noted in Chicago. Stage and screen stars, a hall with many seats empty, some left-wing persons on the sponsor list — all these were noted out West and received appropriate comment. Indeed, some Eisenhower supporters out there wished the Garden rally had not been held.

Taft partisans talked of how New York money had been sent to the Ike organization in some Western states — \$50,000 to Oklahoma, \$50,000 to Oregon, \$50,000 to Missouri. Now, undoubtedly, there's Taft money being spent liberally in the primary contests out there, but it doesn't bear the New York label.

That Stevenson Boom: In Chicago, we inquired as to the record of Democratic Governor Adlai Stevenson. Mr. Truman feigns to deem Stevenson a fine, potential successor. Our friends out there were less complimentary and gave us this picture:

GOP Governor Dwight Green was defeated by Stevenson in 1948, allegedly for misgovernment, crime conditions, corruptions, etc. Yet in the past few months, several developments in the state of Illinois suggest that Stevenson hasn't proved any wonder worker. These developments are: (1) The loss of many lives in a coal mine explosion with charges that the state mine inspection bureau failed to close a dangerous mine. (2) The "horse meat" scandal in the state meat inspection office. (3) The unexplained murder of a precinct politician last week was instantaneously accepted as due to gang politics and crime.

Yet, Stevenson seems not unpopular. Why? Well, the state government payroll has an expansion coefficient equal to that of the Federal Government. And that is saying something. It may be that it's a case of "more public jobs, more popularity", or rather "less unpopularity". Something like that.

Around the White House: Those who hang about Democratic Headquarters and who would rather talk than write about some things they hear are now discussing the following:

High Presidential advisors are considering, as a definite possibility, the step of relieving Ike (in some apparently nice way, of course) of his command. The time, as now estimated, would be about the middle of May. He would be replaced by General Ridgway.

The calculations involved in this are a bit shocking, even to those accustomed to the brutal ways of power politics in an election year. But, nevertheless, the Democratic officials figure it this way:

By May, either (1) Ike's chances for the GOP nomination will be bright enough for Senator Lodge and colleagues to persevere in their Eisenhower campaign, or (2) the campaign (perhaps after adverse results in New Hampshire and Wisconsin) will have foundered and Ike's bid for nomination will be ended.

If (1) takes place, Ike would want to come home, and the White House might as well accept the fact. Indeed, that would be all right for the Democrats. For, while Ike would have strength, so would Taft. The latter's organization could stand more reverses than Ike's. Thus there would be in prospect a knock-down-and-drag-out fight in the GOP convention in July ending in a stalemate, with bad and divisive effects on the Republican party and conversely good effects on the morale of the Democrats.

And if (2) — elimination of Ike from the political scene — happens, then that possibility too would favor a decision to get rid of him as European commander. If the public does not wax enthusiastic over him as a candidate, they may lose their former enthusiasm for him as European commander. European nations would conclude that the American people no longer have much confidence in their General, and European statesmen would more strongly oppose his urgings to make sacrifices, thereby making his task quite impossible. The Eisenhower mission would have to come to an end, willy nilly.

These are the calculations in Democratic circles, as Democratic leaders envision the ousting of Ike. They have no gratitude for a genuinely warm and likeable General who quite sincerely risked his career on a very doubtful mission which he must well have felt had all odds against it. But such considerations have no effect on our "lords and managers".

Around the Pentagon: In the big building on the Potomac, they have been stirred, in the past 48 hours, by word that General Eisenhower has decided not to attend the Lisbon meeting next week. If that should prove true, it would be sensational.

For months now, this important, perhaps crucial, gathering of the heads of the twelve-nation North Atlantic Treaty Organization has been heavily billed in the press. Many had expected that this gathering would be a "big moment" for the General, the climax of his year's work of building up a European Army. He would, it has been expected, report on his endeavors and try to get an agreement from those present to do things he has wanted done.

But now, as the Pentagon story goes, General Alfred M. Gruenther, his Deputy, will represent him at this conference next week.

When we tried out this story on State Department circles, their reaction was that the President might overrule Ike and order him to attend the meeting. And of course he would obey.

But whether he does go or not, the above intelligence must continue to suggest some questions: does this mean that Ike does not find progress in creating an army sufficiently good for a full report at this time? Or is his decision connected with his political ambitions in this country?

Oil for Socialism: Now being threshed out in a Senate committee is the bill for vesting title in off-shore coastal lands, with their oil and natural gas resources, in the contiguous states; it is scheduled to come up on the Senate floor within the next two weeks. The bill was passed in the House at the last session by a vote sufficient to overcome an expected Presidential veto. But the Senate did not act upon it before the Congress adjourned.

The history of the bill starts with a war-time decision of the Federal government, that, despite tradition and long practice, these lands belonged to it, rather than the states. The states fought the decision up to the Supreme Court. The Court never adjudicated the matter of title, but declared that "paramount interest" gave the Federal government first claim on the minerals found under the coastal lands. The states involved in the case were California, Louisiana and Texas, although many other

states declared themselves on their side, because of the implied invasion of States' Rights. The bill was introduced in an effort to settle the matter of title.

All sorts of parliamentary maneuvers to prevent the bill from coming to a vote have been employed by the Administration. The latest is an offsetting bill (authored by Senator Lister Hill of Alabama), which proposes that the royalties, rents and taxes derived by the Federal government from these lands be earmarked for educational purposes. Not surprisingly, the powerful lobby that for years has worked for federalized education has rallied behind this bill. It provides for the creation of a national advisory council on grants-in-aid for education, consisting of twelve members; such a council would certainly be dominated by the professional "progressive" educators, and control of the curricula, textbooks and teaching personnel would in time pass from the local communities to this vested interest.

Thus, if this bill should become law, the socialization of our schools will have been effected by subterfuge. Those whose hearts bleed for the inadequacies of our school system will have to explain why the states themselves cannot use the money for education; it is a fact that in several of the California communities the revenues derived from off-shore lands actually pay for all their school expenses. The objective of these advocates of Senator Hill's measure is not education but socialization.

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MY RINGSIDE SEAT IN MOSCOW. By Nicholas Nyaradi. New York: Thomas W. Crowell Co. \$3.75.

The story begins in May, 1947. Hungary had been "liberated" and its government was operating under the aegis of an Allied Control Commission—meaning that Marshal Voroshilov, the Russian member, was the real head of the Hungarian regime. A demand had come from Moscow for \$200,000,000 of "German assets" — based on the clause in the Potsdam Agreement which gave Russia permission to pick up as reparations what she could trace to German ownership. Hitler had forced that amount of money on Hungarian airplane manufacturers, so that they could build plants for his purposes. The plants did not exist, for they had been destroyed by Allied bombs. This was the basis for the Russian claim.

Hungary, of course, was broke. So, its government, dominated by Communist stooges, sent Dr. Nyaradi, the Minister of Finance, to Moscow to negotiate a reduction of the phoney claim. He was chosen precisely because he was a lawyer and a banker; if he failed, the blame could be placed on a "class enemy of Communism". What the Hungarian Communists could not anticipate was that a man of his mental equipment would pick up in Moscow a lot of information about the Soviets and set this forth in 1952 in a very telling book, *My Ringside Seat in Moscow*. Dr. Nyaradi, after whittling down the demand, returned to Budapest, to find that the Russians were consolidating their control over Hungary. It soon became evident to Nyaradi that the country was an unhealthy place for non-Communists, and he decamped across the Iron Curtain. He is now lecturing in Bradley University and has made application for American citizenship.

Dr. Nyaradi and his group put in seven months in Moscow, mainly "sweating it out". Despite the careful surveillance to which they were subjected, there was much about Soviet methods and psychology that could not be hidden from trained observers. Even on the conducted tours one could pick up information and see more than one is expected to see, and the actual negotiations with top-notch commissars revealed more of their way of thinking than they might want the world to know. We have, then, in this new book, not a series of startling revelations, but rather a report on Moscow and its denizens, written by a keen observer who spent seven months there doing an excellent job of observing. And the report is entertainingly written.

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